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ARIZONA CORPORATION COMMISSION

August 20, 2008

Mr. James Nussle, Director
The Office of Management and Budget
725 17th Street, NW
Washington, DC 20503

The Honorable Michael Leavitt, Secretary
U.S. Department of Health and Human Services
200 Independence Avenue, S.W.
Washington, D.C. 20201

Re: Disbursement of Fiscal Year 2008 Emergency LIHEAP Funds

Dear Sirs:

As members of the Commission responsible for overseeing utilities in the state of Arizona, we are writing to you to express our concerns regarding the forthcoming distribution of Fiscal Year 2008 Low Income Home Energy Assistance Program (LIHEAP) emergency funding. It is our understanding that \$120 million in LIHEAP emergency funds will be distributed before the conclusion of the fiscal year.

Due to what has been described as an administrative error with respect to Residential Energy Assistance Challenge (REACH) and leveraging funds, Arizona was denied approximately \$1 million of its anticipated allotment of these monies. With this letter, we request that you correct this mistake, and allocate these LIHEAP funds back to Arizona.

Additionally, we are concerned that the current distribution methodology has shortchanged Arizonans by favoring cold-weather states to the detriment of states facing extreme heat. To date, Arizona has received only \$8.1 million of the total \$2.57 billion in FY08 funds disbursed thus far nationwide. As a result, only 29,000, or 4 percent, of the 619,000 households eligible for LIHEAP financial assistance in our state have been assisted. By comparison, Tennessee and Missouri, with comparable populations to Arizona, have received \$29.1 million and \$56.9 million respectively.

Arizona's needs are not limited to a singular season. Arizona faces both extreme heat and cold, with the city of Phoenix recording 19 days of temperatures in excess of 110 degrees in 2008, and the Arizona Department of Health recording 20 deaths in 2007 from excessive natural cold.

Director Nussle & Secretary Leavitt

August 20, 2008

Page 2

Arizona's extreme summer temperatures have arrived during a period of economic difficulty, with Arizona utilities reporting a 30 to 40 percent increase in requests for bill assistance. Arizonans face a housing downturn as well as increased food and energy costs, and Emergency LIHEAP funding will provide much needed assistance to vulnerable populations.

We would greatly appreciate your immediate attention to this request.

Sincerely,



Chairman Mike Gleason



Commissioner William Mundell



Commissioner Jeff Hatch-Miller



Commissioner Kristin Mayes



Commissioner Gary Pierce